



The imposition of fees (or taxes, duties, and tariffs) on the importation of electricity completely changes the impact of the Regulation on M-S-R and its members. Such fees will inhibit M-S-R's use of imported electricity in general, adversely impact its ownership of the San Juan Project in particular, and will lead to hardship and economic burden on M-S-R, its members and their ratepayers

### **M-S-R**

M-S-R is a public entity, without taxing power, created pursuant to Sections 6500, et seq., of the Government Code of the State of California and a Joint Exercise of Powers Agreement, dated April 29, 1980 (as amended and restated on November 17, 1982) among the Modesto Irrigation District, City of Santa Clara (dba Silicon Valley Power) and the City of Redding (herein "Member" or "Members"). M-S-R is authorized, inter alia, to acquire, construct, maintain and operate facilities for the generation and transmission of electric power and to enter into contractual agreements for the benefit of any of its Members.

### **The San Juan Project**

In 1983 M-S-R bought an undivided 28.8% interest in Unit No. 4 of the San Juan Generating Station ("San Juan Project") located near Farmington, New Mexico. The San Juan Generation Station is a four unit 1640 MW coal-fired powerplant. These four units entered service between 1973 (Unit No. 2) and 1982 (Unit No. 4). M-S-R financed its purchase of its interest through the issuance of tax-exempt revenue bond debt. The final maturity of the bonds runs through July 2023 and about \$398 million principle remains outstanding on the bonds at this time.

### **Impacts of Proposed Regulatory Change**

Unfortunately, due to the inordinately short period of time to review the new language and fully analyze it, M-S-R is not able to do anything at this time other than identify that there are a number of issues raised by the new proposed language which have the potential to negatively affect M-S-R's members.

The addition of electricity imports represents over 12% of the Administrative fee. This important change should not be rushed into print as is being suggested; rather this newly added language should be fully vetted through a sincere, meaningful stakeholder process. CARB must ensure that if imported electricity is made subject to the Administrative Fee it is done fairly and equitably without undue harm to the electricity sector.

M-S-R, as public entity, has no other sources of revenues other than the charges it renders to its members for the expenses it incurs on their behalf. The proposed fee will be an expense which has to be paid by M-S-R's members. The sole source of revenue for these local publicly owned utilities is from their individual ratepayers. Furthermore, each M-S-R member has in-state fossil fuel generation that will in one or more aspects be subject to the AB 32 Administrative Fee and thus will be paying their fair share of the proposed fee along with all other similarly situated in-state entities. The burden on M-S-R member ratepayers should not be disproportionate to their share of the emissions subject to the jurisdiction of CARB.

### **Recommendation**

M-S-R respectfully suggests that the proposed regulation has not had adequate review and opportunity for public comment due to the substantial revisions contained in the version released for comment exactly one-week ago and is not ready for submission to OAL. We therefore request that at least one additional workshop is scheduled and the comment period be appropriately extended.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'M. Hopper', with a stylized, flowing script.

Martin R. Hopper  
General Manager